

**NORTHWEST IOWA PLANNING AND  
DEVELOPMENT COMMISSION  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2012**

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## **Independent Auditors' Report**

To the Board of Directors of  
Northwest Iowa Planning and Development Commission  
Spencer, IA 51301

We have audited the accompanying financial statements of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission, Spencer, IA, as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As more fully described in Note 7, the Commission's footnotes to the financial statements do not disclose the net annual required contribution for other postemployment benefits (OPEB) or the OPEB net obligation as required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. The effect of this departure from accounting principles generally accepted in the United States of America on the financial statements of Northwest Iowa Planning and Development Commission is not reasonably determinable.

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013, on our consideration of Northwest Iowa Planning and Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Iowa Planning and Development Commission's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Williams + Company, PC*  
Certified Public Accountants

Spencer, Iowa  
February 13, 2013

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## **NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION (NWIPDC) MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Northwest Iowa Planning and Development Commission (NWIPDC) is a membership-supported organization of local governmental bodies in the Northwest Iowa counties of Buena Vista, Clay, Dickinson, Emmet, Kossuth (Workforces Investment Act and Promise Jobs services only), Lyon, O'Brien, Osceola, Palo Alto, and Sioux. NWIPDC's purpose is to provide technical, planning, and developmental assistance to local governments that comprise its respective region. The regional planning effort facilitated by NWIPDC has led to economics of scale, greater efficiencies, and more uniformity in the delivery of services throughout the region than would be experienced individually, which is the premise of regional service delivery.

As management of NWIPDC, we offer a narrative overview and analysis of the financial activities for the year ended June 30, 2012. We also address significant known or anticipated events, conditions, trends, and contingencies that affect the agency going forward. The financial statements of NWIPDC consist of the operations of Northwest Iowa Planning and Development Commission and of the Workforce Investment Act (WIA)/Promise Jobs (PJ) programs administered by NWIPDC. Not included in this audit is the Northwest Iowa Regional Housing Trust Fund, which is a separate entity and is therefore separately audited.

### **FINANCIAL HIGHLIGHTS**

Fiscal year 2012 provided some dramatic changes to the agency's programmatic repertoire that were reflected in the budget. The largest changes occurred when the fiscal agent and promise jobs service deliveries were taken back by the State. This loss of services severely effected the training division funding, potentially effecting staff employment in FY 2013. The planning division remained relatively stable with only a slight decrease in overall revenue as the bulk of the hazard mitigation planning funding has worked its way through.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides and analytical overview of the financial activities.
- Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of NWIPDC as a whole and present an overall view of the finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending.
- Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Other Supplementary Information consists of the Schedule of Expenditures of Federal Awards which provides details of various federal programs benefiting NWIPDC.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Assets:

The total net assets of NWIPDC exceeded the liabilities at June 30, 2012 by \$791,861, an increase of \$49,477 from June 30, 2011. Of total net assets, \$492,368 is unrestricted and may be used to meet NWIPDC's ongoing obligations.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Net Change</u>
Current and Other Assets	\$ 852,830	\$ 837,928	\$ 14,902
Capital Assets	31,020	26,284	4,736
Total Assets	<u>883,850</u>	<u>864,212</u>	<u>19,638</u>
Long-Term Obligations	51,460	43,257	8,203
Other Liabilities	40,529	78,571	(38,042)
Total Liabilities	<u>91,989</u>	<u>121,828</u>	<u>(29,839)</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	31,020	26,284	4,736
Restricted	268,473	258,554	9,919
Unrestricted	492,368	457,546	34,822
Total Net Assets	<u>\$ 791,861</u>	<u>\$ 742,384</u>	<u>\$ 49,477</u>

### Statement of Activities:

- For the period ended June 30, 2012, total revenues from grants, charges for services, and general revenues were \$1,735,983. Expenses were \$1,686,506, providing a net increase in assets of \$49,477.
- Total revenue decreased by 07% and total expenses decreased by 2.6% from fiscal year 2011
- Revenue from charges for services decreased by 0.3% from June 30, 2011 to June 30, 2012.

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>	<u>Net Change</u>
Revenue from Grants	\$ 1,163,077	\$ 1,163,248	\$ (171)
Revenue from Charges for Services	566,945	568,889	(1,944)
General Revenues	5,961	5,273	688
Total Revenue	<u>1,735,983</u>	<u>1,737,410</u>	<u>(1,427)</u>
Total Expenses	<u>1,686,506</u>	<u>1,731,186</u>	<u>(44,680)</u>
Change in Net Assets	<u>\$ 49,477</u>	<u>\$ 6,224</u>	<u>\$ 43,253</u>

In fiscal year 2012, services of the Commission stabilized from the large increase of 2011 as the IHI and CTAA programs were closed out. The commission launched a new community nuisance abatement program based upon the needs as expressed by member communities which added to the base level of services provided by the agency. Looking ahead, the Commission is endeavoring to expand its role at the core service level of its local governments. The agency was founded on the premise that it was an extension of local government, there to fill in with the expertise and staff not present or available in rural northwest Iowa. Moving forward management will continue to pursue this original founding block and work with local governments to assist them with their basic service needs.

## **ECONOMIC FACTORS**

Large changes marked FY 2012 – some good, some bad. In February, the agency moved into its new space, which was on the good side. This was a much needed change because the previous location afforded little storage room, no dedicated conference space, and no areas for dedicated services such as the GIS system. The new area provided all this and more and the increased costs of the lease were born with little trouble to the overall revenue stream.

On the bad side, major changes came to the service delivery of the training division. In the fall, The State of Iowa's Workforce Development (IWD) Program eliminated the fiscal agent duties of the commission. This was service provided by NWIPDC as the overall fiscal agent for the integrated work site. All financial duties such as purchasing, rent, and other such transactions at the Governmental Services Building were done through the agency's books and the commission was provided an administrative fee. In addition, on April 1<sup>st</sup>, Iowa Workforce Development removed the administration of the Promise Jobs program from the agency as IWD sought to reform and reorganize the program. This was a program that NWIPDC had administered for over 20 years and had been a model of service delivery for the state. All totaled, the loss of these programs reduced the overall agency budget by more 15% and will undoubtedly have effect upon staff size in 2013.

Even with these challenges, management looks forward to another year of trying to increase the role that NWIPDC plays in improving the lives of Northwest Iowans. In the year ahead, we will continue to pursue new services that meet member's needs, increase service quality and employee productivity.

This discussion and analysis attempts to provide a summary view of the 2012 fiscal year as well as some insights into management's assessment of the opportunities and challenges NWIPDC may see in the 2013 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional financial information, contact Ted Kourousis, Executive Director, Northwest Iowa Planning and Development Commission, 217 West 5<sup>th</sup> Street, Spencer, Iowa, 51301.

## **BASIC FINANCIAL STATEMENTS**



**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**Assets**

Current Assets

Cash	\$ 378,308
Accounts Receivable:	
Grantor Agencies	214,295
Other Sources	87,282
Notes Receivable - EDA/RLF, Net of \$25,000 allowance for uncollectible accounts	<u>54,074</u>

Total Current Assets	<u>733,959</u>
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Noncurrent Assets

Notes Receivable	118,871
Capital Assets, Net of Accumulated Depreciation	<u>31,020</u>

Total Noncurrent Assets	<u>149,891</u>
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<b>Total Assets</b>	<u><u>883,850</u></u>
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**Liabilities**

Current Liabilities

Accounts Payable	17,192
Wages Payable	17,619
Compensated Absences	<u>5,718</u>

Total Current Liabilities	<u>40,529</u>
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Noncurrent Liabilities

Compensated Absences	<u>51,460</u>
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Total Noncurrent Liabilities	<u>51,460</u>
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<b>Total Liabilities</b>	<u><u>91,989</u></u>
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**Net Assets**

Invested in Capital Assets, Net of Related Debt	31,020
Restricted For:	
EDA/RLF program	268,473
Unrestricted	<u>492,368</u>

<b>Total Net Assets</b>	<u><u>\$ 791,861</u></u>
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See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total</u>
		<u>Charges For Services</u>	<u>Operating Grants</u>	
<b>Governmental Activities:</b>				
Administration	<u>\$ 1,686,506</u>	<u>\$ 566,945</u>	<u>\$ 1,163,077</u>	<u>\$ 43,516</u>
<b>General Revenues:</b>				
Interest Income				<u>5,961</u>
Total General Revenues				<u>5,961</u>
Change in Net Assets				49,477
Net Assets - Beginning				<u>742,384</u>
Net Assets - Ending				<u>\$ 791,861</u>

See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2012**

**Assets**

Current Assets	
Cash	\$ 378,308
Accounts Receivable, Grantor Agencies	
Grantor Agencies	214,295
Other Sources	87,282
Notes Receivable - EDA/RLF, Net of \$25,000 Allowance for Uncollectible Accounts	<u>54,074</u>
Total Current Assets	<u>733,959</u>
Noncurrent Assets	
Notes Receivable	<u>118,871</u>
Total Noncurrent Assets	<u>118,871</u>
<b>Total Assets</b>	<u><u>852,830</u></u>

**Liabilities and Fund Balances**

**Liabilities**

Accounts Payable	17,192
Wages Payable	17,619
Compensated Absences	<u>5,718</u>
<b>Total Liabilities</b>	<u>40,529</u>

**Fund Balances**

Restricted for EDA/RLF Program	268,473
Unassigned	<u>543,828</u>
<b>Total Fund Balances</b>	<u>812,301</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 852,830</u></u>

See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds (page 8)	\$ 812,301
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	31,020
Compensated absences are not due and payable in the current period and therefore are not reported in the fund	<u>(51,460)</u>
Total Net Assets - Governmental Activities (page 6)	<u>\$ 791,861</u>

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Revenues</b>	
State and Federal Grants	\$ 1,163,077
Public Support and Special Projects	508,692
Local Dues	58,253
Interest Income	5,961
Proceeds from the Sale of Capital Assets	550
<b>Total Revenues</b>	<u>1,736,533</u>
<b>Expenditures</b>	
Salaries	783,763
Contract Labor	34,016
Employee Benefits	174,206
Payroll Taxes	62,862
Insurance	11,066
Professional Services	22,260
Dues and Subscriptions	19,393
Office Expense and Postage	37,158
Employee Training	16,228
Miscellaneous	5,177
Repairs and Maintenance	6,424
Advertising	351
Telephone	13,636
Utilities	6,431
Rent	41,836
Other Services	7,834
Travel and Auto	35,202
Equipment Lease	10,425
Participant Training	246,158
Participant Support	106,833
Iowans Helping Iowas Program Costs	6,390
CTAA Grant Consulting Fees	22,000
Purchase of Capital Assets	13,940
<b>Total Expenditures</b>	<u>1,683,589</u>
<b>Net Change in Fund Balance</b>	52,944
<b>Fund Balance at Beginning of Year</b>	<u>759,357</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 812,301</u></u>

See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds (page 10)	\$ 52,944
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	13,940	
Depreciation expense	(8,007)	5,933

Governmental Funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of fixed assets. This is the effect on the change in net assets on the statement of activities.	(1,197)
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Compensated absences are not due and payable in the current period and therefore are not reported in the fund.	(8,203)
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Change in Net Assets - Governmental Activities (page 7)	\$ 49,477
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**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Northwest Iowa Planning and Development Commission (Commission) is the regional planning and intergovernmental coordination agency in the Northwest Iowa region organized in 1973 under Chapter 473A and Chapter 28E of the Iowa Code. The Commission is the regional planning and coordination agency for Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, and Sioux counties of Iowa.

**A. Reporting Entity**

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

Government-wide financial statements – The Statement of Net Assets and the Statement of Activities report information on all the activities of the Commission, and is reported on a full accrual, economic resource basis.

The Statement of Net Assets presents the Commission's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- ***Invested in Capital Assets, Net of Related Debt*** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets, if applicable.
- ***Restricted Net Assets*** result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Assets*** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants or contributions restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general revenues.

The Commission reports the following major governmental fund:

- The **General Fund** is the general operating fund of the Commission. All general revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, fixed charges, and capital improvement costs. Currently the Commission does not utilize any other funds.

**C    Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the Commission's policy is generally to first apply the expenditure toward restricted fund balance and then to applicable less-restrictive classifications – committed, assigned and then unassigned fund balances.



**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**D    Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**E    Indirect Expense Allocation**

Expenses relating to the administration of the Commission in general are allocated to the specific program grants based upon actual time spent (salaries, benefits, etc ), or some other equitable basis depending upon the nature of the expenditure.

**F    Assets, Liabilities and Fund Balances**

The following accounting policies are followed in preparing the financial statements:

Cash - Cash balances are pooled and invested

Notes Receivable – The Commission utilizes the allowance method for accounting for uncollectible accounts. At June 30, 2012, the allowance for doubtful accounts totaled \$25,000. No finance charges are added to unpaid balances.

Capital Assets - Capital assets, which include property, equipment, and vehicles, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Computers	5 years
Furniture and Equipment	5 - 10 years

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment under applicable circumstances.

Unused accumulated vacation hours are payable to employees upon termination, retirement, or death. A liability is recorded in the government-wide financial statements when incurred.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Unused sick leave hours are only paid upon retirement. Therefore, a liability is recorded in the government-wide financial statements only when it relates to subsequent retirement payments made. Accumulated unused sick leave at June 30, 2012 totaled \$132,792 and has not been recorded since the amount which may be required to be paid upon an employee's subsequent retirement cannot be determined. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

- Restricted – Amounts restricted to specific purposes when constraints placed the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- Unassigned – All amounts not included in other spendable classifications

**G Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, this comparison and disclosure are not required.

**Note 2 – CASH**

The Commission's deposits at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expected in the current year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 365 days, but the maturities shall be consistent with the needs and use of the Commission.

There were no investments at June 30, 2012.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 3 – CAPITAL ASSETS**

A summary of changes in property and equipment comprising capital assets for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Furniture and Fixtures	\$ 116,280	\$ 13,940	\$ (4,018)	\$ 126,202
Accumulated Depreciation	(89,996)	(8,007)	2,821	(95,182)
Capital Assets, Net	<u>\$ 26,284</u>	<u>\$ 5,933</u>	<u>\$ (1,197)</u>	<u>\$ 31,020</u>

**Note 4 – RESTRICTED NET ASSETS – NOTES RECEIVABLE**

The Commission administers a revolving loan fund, known as EDA-RLF, that makes loans to businesses. The loans are secured by various security agreements. Loans are subject to guidelines provided by the federal granting agency and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U S Department of Commerce, Economic Development Administration (EDA), supplemented by a local match from various regional sources. The agreement with EDA states in part that, "If EDA determines that a grant recipient is failing to meet its obligation, the Agency will assert its equitable reversionary interest in the RLF assets." At June 30, 2012, the fund has a portfolio of loans totaling \$197,945, net of a \$25,000 allowance for uncollectible accounts, resulting in a carrying value of \$172,945, and a cash balance of \$95,528. The total loans and cash balance maintained by this fund are restricted for making additional loans in the future. The loans are for a 60 month term and have various maturity dates from 2013 to 2021.

Interest received on loans advanced under the EDA-RLF program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent.

**Note 5 – OPERATING LEASE**

The Commission leases office space from Clay County. The lease is on a month-to-month basis with monthly payments of \$3,937. The Commission leases an office in Sheldon, Iowa from Northwest Iowa Community College. The lease agreement calls for monthly payments of \$240 through January 2013. The Commission also has leases for a copier and a postage meter. The copier lease is with Xerox. The lease agreement is for \$519.56 per month plus the cost of additional copies through April 2013. The postage meter lease is with Pitney Bowes for \$46 per month. The lease runs through April 2017. For the year ended June 30, 2012, the Commission made payments of \$52,261.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 5 – OPERATING LEASE (Continued)**

Year Ending June 30,	Amount
2013	\$ 54,531
2014	47,795
2015	47,795
2016	47,795
2017	47,795
Total	<u>\$ 245,711</u>

Rents for the year ended June 30, 2012 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$48,529.

**Note 6 – PENSION AND RETIREMENT BENEFITS**

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the Commission is required to contribute 8.07% of covered salary. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$62,881, \$53,033, and \$52,791, respectively, equal to the required contributions for each year.

**Note 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The Commission operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 14 active and 0 retired members in the plan. Participants must be age 55 or older and meet certain other requirements at retirement. Benefits terminate upon attaining Medicare eligibility. Coverage is provided through a fully-insured plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy. It is anticipated that retiree premiums will be fully offset by monthly contributions.

The Commission has not disclosed the net annual required contributions for other postemployment benefits (OPEB) or the OPEB net obligation as required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. The amount by which this departure from accounting principles generally accepted in the United States of America would affect liabilities, net assets, and expenses is not reasonably determinable.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 8 – FISCAL AGENT**

Effective July 1, 1998, the Commission entered into a contract with Iowa Workforce Development Department to act as Fiscal Agent. As the Fiscal Agent, the Commission will perform accounting functions and receive and disburse funds on behalf of the Coordinating Service Provider. They are to ensure compliance with applicable audit requirements on funds received under the contract, and to provide a report and accounting of all expenditures as they relate to the contract. As of March 31, 2012, Iowa Workforce Development terminated the Fiscal Agent function with Northwest Iowa Planning and Development Commission.

**Note 9 – RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchased of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the preceding three fiscal years.

**Note 10 – SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

The Commission received official notice of the termination of Promise Jobs funds as of August 31, 2012.

## **SUPPLEMENTARY INFORMATION**

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2012**

Grantor/Program	CFDA Number	Grant or Award Number	Program Expenditures
<b>DIRECT:</b>			
U S. Department of Commerce:			
Economic Development Cluster:			
Community Trade Adjustment Assistance	11 010	05-46-05023	\$ 16,500
Economic Adjustment Assistance	11 307	05-39-02917	281,645
Total Economic Development Cluster			<u>298 145</u>
Economic Development Support for Planning Organizations	11 302	05-83-04985-01	<u>61,000</u>
Total Direct Expenditures			<u>359,145</u>
<b>INDIRECT:</b>			
U S. Department of Labor			
Indirect Through Iowa Workforce Development:			
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17 207	7W03FR0	3,490
Disabled Veterans' Outreach program (DVOP)	17 801	7W03FR0	2,402
Total Employment Service Cluster			<u>5,892</u>
Workforce Investment Act (WIA):			
WIA Adult Program	17 258	8W03FR0	155 702
WIA Youth Program	17 259	8W03FR0	142,248
WIA Dislocated Workers	17 260	8W03FR0	200,992
WIA Dislocated Workers (RR Donnelley)	17 260	10WFR9F003	113 098
WIA National Emergency Grants	17 277	11WFRP1004	195,513
			<u>807,553</u>
Unemployment Insurance	17 225	7W03FR0	4,549
Trade Adjustment Assistance	17 245	7W03FR0	195
Total Indirect U S Department of Labor			<u>818,189</u>
U S Department of Health and Human Services:			
Indirect Through Iowa Workforce Development:			
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families	93 558	9W03FN0	147,592
Temporary Assistance for Needy Families	93 558	7W03FR0	5,373
Total Indirect U.S. Department of Health and Human Services			<u>152 965</u>
Social Security Administration:			
Indirect Through Iowa Workforce Development:			
Social Security - Work Incentives Planning and Assistance Program	96 008	8W03FR0	363
U.S. Department of Transportation:			
Indirect Through Iowa Department of Transportation:			
Highway Planning and Construction	20 205	12-RPA-03	55,366
Formula Grants for Other Than Urbanized Areas	20 509	12-RPA-03	31,366
Total Indirect U S Department of Transportation			<u>86,732</u>
Total Indirect Expenditures			<u>1,058,249</u>
TOTAL			<u>\$ 1,417,394</u>

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Planning and Development Commission and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of,

Computation of CFDA Number 11.307 - Economic Adjustment Assistance

Balance of loans outstanding at June 30, 2012	\$ 278,880
Cash and Investment balance at June 30, 2012	
EDA - RLF #1	90,032
EDA - RLF #2	5,496
Administrative expenses paid out of RLF income	1,119
Total	<u>375,527</u>
 Federal Percentage	 <u>75.0%</u>
 Amount included on Schedule of Expenditures of Federal Awards	 <u><u>\$ 281,645</u></u>



**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of Directors of the  
Northwest Iowa Planning and Development Commission:

We have audited the accompanying financial statements of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission, Iowa as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and is not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 12-II-B to be a material weakness in internal control over financial reporting

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 12-II-A to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Northwest Iowa Planning and Development Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the Commission's responses, we did not audit the Commission's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Planning and Development Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Williams + Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 13, 2013

**Independent Auditors' Report on Compliance with Requirements  
Applicable to each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

To the Board of Directors of the  
Northwest Iowa Planning and Development Commission:

**Compliance**

We have audited Northwest Iowa Planning and Development Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. The Commission's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs are the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

The Commission's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to tests and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 12-III-A and 12-III-B. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

The Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Commission's responses and, accordingly, we express no opinion on them.

The purpose of this report is solely to provide an opinion on the Commission's compliance with the compliance requirements that could have a direct and material effect on each of its major federal programs. Accordingly, this report is not suitable for any other purpose.

*Williams + Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 13, 2013

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**PART I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS**

- (A) An unqualified opinion was issued on the financial statements
- (B) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements
- (C) The audit did not disclose any non-compliance, which is material to the financial statements.
- (D) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program
- (F) The audit did disclose an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a)
- (G) Major programs were as follows:
  - Workforce Investment Act Cluster:
    - CFDA Number 17 258 – WIA Adult Program
    - CFDA Number 17 259 – WIA Youth Program
    - CFDA Number 17 260 – WIA Dislocated Workers
    - CFDA Number 17 260 – WIA Dislocated Workers (RR Donnelley)
    - CFDA Number 17 277 – WIA National Emergency Grants
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- (I) The Commission did not qualify as a low-risk auditee

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**INSTANCES OF NON-COMPLIANCE:** No matters were reported

**SIGNIFICANT DEFICIENCY:**

**12-II-A Segregation of Duties**

Observation – During our review of internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the Commission’s financial statements.

Recommendation – We realize with a limited number of personnel, segregation of duties is difficult. However, the Commission should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)**

Response – The Commission will investigate available alternatives to segregate duties where possible

Conclusion – Response accepted

**MATERIAL WEAKNESS:**

**12-II-B Financial Reporting**

Observation – During our audit, we identified material and immaterial amounts of receivables, payables, capital assets, notes receivable, and payroll liabilities not properly recorded in the Commission's financial statements. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Recommendation – The Commission should implement procedures to ensure all receivables and payables are identified and included in the Commission's financial statements

Response – The Commission will review these in the future to avoid missing any receivables, fixed assets and payable transactions.

Conclusion – Response accepted.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**INSTANCES OF NON-COMPLIANCE:** No matters were reported

**SIGNIFICANT DEFICIENCIES:**

CFDA Number 17.258 – WIA Adult Program  
CFDA Number 17.259 – WIA Youth Program  
CFDA Number 17.260 – WIA Dislocated Workers  
CFDA Number 17.260 – WIA Dislocated Workers (RR Donnelley)  
CFDA Number 17.277 – WIA National Emergency Grants

**12-III-A Expense Approval**

Observation – During our review of internal control procedures over the Workforce Investment Act Cluster, we identified one instance out of forty general expenses tested that lacked appropriate approval

Recommendation – The Organization should review and monitor approval procedures to ensure documentation of approval for expenses is being performed.

Response – The agency will review and monitor expenses to ensure the proper approval is done.

Conclusion – Response accepted.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)**

**CFDA Number 17.258 – WIA Adult Program**  
**CFDA Number 17.259 – WIA Youth Program**  
**CFDA Number 17.260 – WIA Dislocated Workers**  
**CFDA Number 17.260 – WIA Dislocated Workers (RR Donnelley)**  
**CFDA Number 17.277 – WIA National Emergency Grants**

**12-III-B Financial Accounting – Segregation of Duties**

Observation – During our review of internal control procedures over the Workforce Investment Act Cluster, we determined that incompatible duties related to the receipt and reconciling of revenue are being performed by the same individual.

Recommendation – We realize that with a limited number of personnel, segregation of duties is difficult. However, the organization should review the operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Commission will investigate available alternatives to segregate duties where possible.

Conclusion – Response accepted.

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

- 12-IV-A: Questionable Disbursements – No expenditures that did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- 12-IV-B: Travel Expense – No expenditures of Northwest Iowa Planning and Development Commission were for travel expenses of spouses of Commission officials or employees.
- 12-IV-C: Business Transactions – No business transactions between the Commission and the Commission officials or employees were noted.
- 12-IV-D: Bond Coverage – Surety bond coverage of the Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 12-IV-E: Board Minutes – No transactions were found that we believe should have been approved by the Board minutes but were not.
- 12-IV-F: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.
- 12-IV-G: Deficit Balances – No funds had deficit balances at June 30, 2012.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (CONTINUED)**

12-IV-H: Depository Resolution – The Commission has not adopted a depository resolution as require by Chapter 12C.2 of the Code of Iowa.

Recommendation – We recommend the Commission adopt a depository resolution so they are in accordance with the Code of Iowa.

Response – The Commission will adopt a depository resolution.

Conclusion – Response accepted



**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012**

**11-III-A Financial Accounting – Segregation of Duties**

Observation – The Commission did not properly segregate custody, record-keeping, and reconciling functions for revenues, including those related to its federal programs.

Recommendation – We realize with a limited number of personnel, segregation of duties is difficult. However, the Commission should continue reviewing the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Current Status – This finding still exists at June 30, 2012. (See Comment 12-III-B)

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
CORRECTIVE ACTION PLAN FOR FEERAL AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012**

Department of Labor:

Northwest Iowa Planning and Development Commission, respectfully submits the following corrective action plan for the year ended June 30, 2012.

The audit was performed by Williams & Company, P C , P.O Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2012

The findings from the June 30, 2012 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

SIGNIFICANT DEFICIENCIES:

12-III-A Expense Approval – WIA Adult Program CFDA #17.258 – WIA Youth Program CFDA #17.259 – WIA Dislocated Workers CFDA #17.260 – WIA Dislocated Workers (RRDonnelley) CFDA #17.260 – WIA National Emergency Grants CFDA #17.277.

Observation – During our review of internal control procedures over the Workforce Investment Act Cluster, we identified one instance out of forty general expenses tested that lacked appropriate approval.

Recommendation – The Organization should review and monitor approval procedures to ensure documentation of approval for expenses is being performed.

Response – The agency will review and monitor expenses to ensure the proper approval is done.

12-III-B Financial Accounting – Segregation of Duties – WIA Adult Program CFDA #17.258 – WIA Youth Program CFDA #17.259 – WIA Dislocated Workers CFDA #17.260 – WIA Dislocated Workers (RR Donnelley) CFDA #17.260 – WIA National Emergency Grants CFDA #17.277.

Observation – During our review of internal control procedures over the Workforce Investment Act Cluster, we determined that incompatible duties related to the receipt and reconciling of revenue are being performed by the same individual.

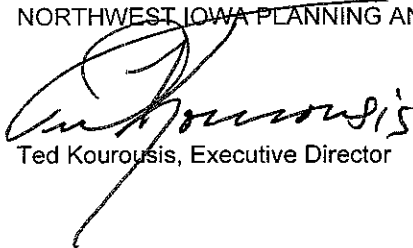
Recommendation – We realize that with a limited number of personnel, segregation of duties is difficult. However, the organization should review the operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Commission will investigate available alternatives to segregate duties where possible.

If the Department of Labor has questions regarding this plan, please call Ted Kourousis at 712-262-7225

Sincerely yours,

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION



Ted Kourousis, Executive Director